



MAR 30 2006

Honorable Wesley Chesbro, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Item 3110-101-0140, Local Assistance, Special Resources Programs

It is requested that Item 3110-101-0140 be increased by \$572,000 to provide one-time funding for the State's share of replacing Tahoe Regional Planning Agency's (TRPA's) Permit Tracking System (PTS). In subsequent years, ongoing software maintenance costs will be \$36,000 annually.

The PTS will be replaced by a new land records management system which will streamline TRPA's permitting process, make the permitting process more accessible to the general public, and improve the exchange of information with partner agencies and the general public. TRPA is a bi-state compact agency funded by California and Nevada. Nevada is required to fund one-third of the proposed project costs (approximately \$320,000) and has approved the funding in its 2006-07 budget.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Keith Gmeinder, Principal Program Budget Analyst, at (916) 916-324-0043.

MICHAEL C. GENEST
Director
By:

/s/ Vincent P. Brown

VINCENT P. BROWN
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Kevin Murray, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzioia, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review
Committee
Attention: Mr. Jeff Bell, Staff Director
Honorable Judy Chu, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Rick Keene, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Sheila Kuehl, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Fran Pavley, Chair, Assembly Budget Subcommittee No. 3
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. David Harper, Deputy Chief of Staff, Assembly Republican Leader's Office
Mr. Patrick Kemp, Assistant Secretary, Resources Agency
Mr. Jerry Wells, Deputy Director, Tahoe Regional Planning Agency



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Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Items 3340-001-0001, 3340-001-6029, and Addition of Item 3340-101-6029, Support, California Conservation Corps

It is requested that Item 3340-001-6029 be increased by \$131,000 and that Item 3340-001-0001 be amended to reflect this change to provide an appropriation from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40) for resource conservation projects. Resource conservation projects include:

- Park and open space maintenance and development
- Timber stand improvement
- Wildlife habitat restoration and enhancement
- Erosion control work

It is requested that Item 3340-101-6029 be added in the amount of \$106,000 to provide an appropriation from Proposition 40 to local conservation corps. Local corps will use the funds for:

- Acquisition of property to support local corps' activities
- Construction of improvements to local corps' property
- Renovations of local corps' facilities

These monies were allocated to the California Conservation Corps for the specified purposes by Proposition 40. The requested amounts represent the unexpended portion of previous appropriations that will revert on June 30, 2006.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Keith Gmeinder, Principal Program Budget Analyst, at (916) 324-0043.

MICHAEL C. GENEST

Director

By:

/s/ Vincent P. Brown

VINCENT P. BROWN

Chief Deputy Director

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Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. David Harper, Deputy Chief of Staff, Assembly Republican Leader's Office
Mr. Patrick Kemp, Assistant Secretary, Fiscal, Resources Agency
Mr. Will Semmes, Director, California Conservation Corps
Ms. Lucia Becerra, Acting Chief Deputy Director, California Conservation Corps
Ms. Rita Escobar, Chief Administrative Services, California Conservation Corps
Ms. Gretchen Schmidt, Budget Officer, California Conservation Corps



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Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Item 3360-001-0465, Support, Energy Resources Conservation and Development Commission

It is requested that Item 3360-001-0465 be increased by \$874,000 and 2.0 positions to support the development of a dynamic simulation model for transportation fuels planning. Transportation fuels planning and policy development is a primary function of the Energy Resources Conservation and Development Commission (Energy Commission). It currently takes 12 to 18 months to prepare the transportation fuels projections in the Integrated Energy Policy Report. By the time the report is completed, the information is sometimes outdated. The dynamic simulation model will enable the Energy Commission to make projections within one month or faster, as well as integrate four separate transportation models. This proposal will provide more timely and accurate information on transportation fuels to policy makers.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Matt Almy, Principal Program Budget Analyst, at (916) 324-0043.

MICHAEL C. GENEST
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/s/ Vincent P. Brown

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Chief Deputy Director

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Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. David Harper, Deputy Chief of Staff, Assembly Republican Leader's Office
Mr. Patrick Kemp, Assistant Secretary, Resources Agency
Mr. Joseph Desmond, Chair, Energy Commission
Mr. B.B. Blevins, Executive Director, Energy Commission
Mr. Scott Matthews, Chief Deputy Director, Energy Commission
Mr. Randy Roesser, Budget Officer, Energy Commission



**DEPARTMENT OF
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OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR

STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

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Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Various Budget Bill Items, Support, Department of Conservation

Acute Orphan Well Account

It is requested that Item 3480-001-3102 be increased by \$1.5 million and that Item 3480-001-0001 be amended to reflect this change. This request will provide funding from the Acute Orphan Well Account (Account) to enable the Department of Conservation (Department) to conduct emergency response activities related to oil and gas wells for which a responsible party cannot be identified. The Account was established by Chapter 336, Statutes of 2005 and receives revenue from annual fees imposed on owners and operators of oil or gas wells in California.

Division of Recycling Integrated Information System

It is requested that Item 3480-001-0133 be increased by \$5,219,000 and that Item 3480-001-0001 be amended to reflect this change. This request will provide one-time funding to continue the development of the Division of Recycling Integrated Information System (DORIIS). Currently, the Beverage Container Recycling Program is susceptible to fraud because the existing databases cannot integrate data that is essential to identify fraudulent activity. In addition, DORIIS will enhance the Department's ability to collect beverage recycling revenues because improved audit and program monitoring capabilities will help ensure that the appropriate amount of recycling remittances are being received. It is estimated that this new information system will result in savings of more than \$18.0 million annually due to improved revenue collection and fraud prevention.

Abandoned Mine Inventory

It is requested that Item 3480-001-0035 be increased by \$561,000 and that Item 3480-001-0001 be amended to reflect this change. This request will provide funding to coordinate efforts by state agencies to inventory abandoned mines on state-owned lands. Toxic materials remaining in abandoned mines present numerous threats to water quality, wildlife habitat, and human health. Many of these abandoned mines exist on lands accessible to the public. This proposal will provide the state with the information needed to assess the threat presented by abandoned mines on state lands and develop plans for remediation of particularly hazardous sites.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Keith Gmeinder, Principal Program Budget Analyst, at (916) 324-0043.

MICHAEL C. GENEST
Director
By:

/s/ Vincent P. Brown

VINCENT P. BROWN
Chief Deputy Director

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Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. David Harper, Deputy Chief of Staff, Assembly Republican Leader's Office
Mr. Patrick Kemp, Assistant Secretary, Administration and Finance, Resources Agency
Ms. Bridgett Luther, Director, Department of Conservation



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Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Various Budget Bill Items, Support, Department of Fish and Game

Marine Life Protection Act Implementation

It is requested that Item 3600-001-0001 be increased by \$380,000 to provide funding for implementation of the Marine Life Protection Act (Act). The Act requires the Department of Fish and Game (Department) to establish marine protected areas along the California coast. This funding will enable the Department to continue the planning process related to protected areas on the central coast.

Fish and Game Preservation Fund

It is requested that Item 3600-001-0001 be increased by \$1,915,000 and Item 3600-001-0200 be decreased by \$1,915,000 to provide funding for the Department to continue public trust activities. The Fish and Game Preservation Fund (FGPF) receives revenues from fishing and hunting licenses, and supports both species-specific and general public trust programs. In response to FGPF revenue shortfalls in recent years, this proposal provides General Fund resources to sustain critical public trust programs administered by the Department.

Early Detection of Avian Influenza

It is requested that Item 3600-001-0001 be increased by \$1,088,000 to provide funding for a program to detect avian influenza in wild birds in California. A particularly virulent strain of avian influenza virus has been detected in birds in several regions of Asia, Africa, and Europe, raising concerns that the virus could be carried to the state by migratory birds. Of particular concern is the possibility that the virus could mutate into a form easily transmittable among humans. This funding will complement other efforts by local, state, and federal agencies to develop a comprehensive program to detect and respond to a possible outbreak of pandemic influenza among humans.

Identification of Enforcement Program

In order to enable the Budget Act to clearly display the funding for enforcement activities carried out by the Department, it is proposed that Program 40-Conservation Education and Enforcement be renamed Program 40-Enforcement, and that the funding for Conservation Education (\$3,149,000) be budgeted in Program 25-Hunting, Fishing, and Public Use. No changes will be made to the funding levels of any activity as a result of this proposal. It is requested that Item 3600-001-0001 be amended to reflect this change.

CALFED Ecosystem Restoration Program

The Department requested expenditure authority for federal funds and reimbursements, and 11 positions, for the development of conservation plans to protect fish and wildlife species found in the Sacramento-San Joaquin River Delta, consistent with the goals of the CALFED Bay-Delta Program. However, the Department has identified excess expenditure authority for both funds that is available for this request. Therefore, no change in current expenditure levels is requested.

Bolsa Chica Lowlands

It is requested that Reimbursements be increased by \$216,000 to fund 3.0 positions to manage the restored wetland habitat on the state-owned Bolsa Chica Lowlands, and that Item 3600-001-0001 be amended to reflect this change. Restoration of the Lowlands is currently underway and expected to be completed by the summer of 2006. The project will produce a tidally influenced wetland habitat for marine fishes, and for threatened and endangered birds. The reimbursement funding will be provided by the State Lands Commission.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Keith Gmeinder, Principal Program Budget Analyst, at (916) 324-0043.

MICHAEL C. GENEST
Director
By:

/s/ Vincent P. Brown

VINCENT P. BROWN
Chief Deputy Director

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Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. David Harper, Deputy Chief of Staff, Assembly Republican Leader's Office
Mr. Patrick Kemp, Assistant Secretary, Administration and Finance, Resources Agency
Ms. Terry Jordan, Assistant Deputy Director, Department of Fish and Game



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ARNOLD SCHWARZENEGGER, GOVERNOR

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Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Item 3640-490, Capital Outlay, Wildlife Conservation Board

It is requested that Item 3640-490 be amended to reappropriate the unencumbered balance of Proposition 40 funds from Item 3640-302-6029, Budget Act of 2003. Proposition 40 allocated \$25.0 million for land acquisition and recreation projects to improve the San Joaquin River Parkway. The reappropriation is necessary due to delays involving negotiations with multiple parties and issues such as responsibility for removal of abandoned personal property.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Keith Gmeinder, Principal Program Budget Analyst, at (916) 916-324-0043.

MICHAEL C. GENEST
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Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. David Harper, Deputy Chief of Staff, Assembly Republican Leader's Office
Mr. Patrick Kemp, Assistant Secretary-Fiscal, Resources Agency
Ms. Melinda S. Marks, Executive Officer, San Joaquin River Conservancy
Ms. Roxanne Woodward, Budget & Fiscal Officer, Wildlife Conservation Board



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Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

**Amendment to Budget Bill Items 3680-001-0516 and 3680-001-0890, Support, and
Items 3680-101-0516 and 3680-101-0890, Local Assistance, Department of Boating and
Waterways**

It is requested that Item 3680-001-0890 be increased by \$1.4 million and Item 3680-001-0516 be amended to reflect this change. This will provide an ongoing expenditure authority increase for boating safety education and media.

It is requested that Item 3680-101-0890 be increased by \$525,000 and Item 3680-101-0516 be amended to reflect this change. The additional funding is available due to an increase in federal allocations being made to states. These funds will be used for law enforcement equipment and boating trail grants.

It is also requested that Item 3680-101-0516 be increased by \$15.0 million to provide increased expenditure authority. Under current statutes, taxes imposed on boating fuel sales are allocated to the Harbors and Watercraft Revolving Fund (HWRF) and the State Parks and Recreation Fund (SPRF) from the Motor Vehicle Fuel Account (MVFA). In the Budget Acts of 2003, 2004, and 2005, provisional language increased the transfer from the MVFA to the SPRF by \$15.0 million to backfill for a similar General Fund reduction. This action reduced the amount available to the HWRF. The 2006-07 Governor's Budget assumed continuation of the transfer. The Administration is now proposing to return this transfer to its pre-2003 level, thereby increasing the amount available to HWRF.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Keith Gmeinder, Principal Program Budget Analyst, at (916) 324-0043.

MICHAEL C. GENEST

Director

By:

/s/ Vincent P. Brown

VINCENT P. BROWN

Chief Deputy Director

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Honorable Fran Pavley, Chair, Assembly Budget Subcommittee No. 3
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. David Harper, Deputy Chief of Staff, Assembly Republican Leader's Office
Mr. Patrick Kemp, Assistant Secretary, Fiscal, Resources Agency
Mr. Raynor Tsuneyoshi, Director, Department of Boating and Waterways
Ms. Debra DeVerter, Chief of Administration, Department of Boating and Waterways

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Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Item 3790-012-0061, Support, and Addition of Budget Bill Items 3790-013-0001, 3790-402, 3790-490, and 3790-492, Support, Department of Parks and Recreation

It is requested that Item 3790-013-0001 be added to transfer \$15.0 million from the General Fund to the State Parks and Recreation Fund (SPRF) to compensate for the elimination of an additional transfer from the Motor Vehicle Fuel Account (MVFA) to the SPRF and that Item 3790-012-0061 be amended to reflect this change. (See Attachment I)

Under current statutes, taxes imposed on boating fuel sales are allocated to the Harbors and Watercraft Revolving Fund (HWRF) and the SPRF from the MVFA. Due to funding constraints, in the Budget Acts of 2003, 2004, and 2005, provisional language has transferred an additional \$15.0 million from the MVFA to the SPRF, reducing the amount available to the HWRF. The 2006-07 Governor's Budget assumed continuation of the transfer. The Administration is now proposing to eliminate the additional \$15.0 million transfer, thereby increasing the amount available to HWRF for various local assistance projects.

It is also requested that Item 3790-402 be added to forgive a 2002 Budget Act loan. The 2002 Budget Act provided a \$15.0 million loan from the MVFA to the SPRF. Provisional language in that Budget Act required the loan to be repaid to the HWRF by June 30, 2006. The forgiveness is necessary because repayment of the loan would have a significant negative impact on funding for the Department of Parks and Recreation's programs. (See Attachment II.)

In addition, it is requested that Items 3790-490 and 3790-492 be added to reappropriate the unencumbered balance of Proposition 40 funds from Item 3790-001-6029, Budget Act of 2005 and \$500,000 of Proposition 12 funds from Item 3790-001-005, Budget Act of 2004 respectively. These reappropriations are necessary because the projects to be funded required additional time for California Environmental Quality Act reviews and project permit issuances. Additionally, delays were incurred in obtaining a determination by the Federal Emergency Management Agency of eligible projects to secure the required federal matching funds.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Keith Gmeinder, Principal Program Budget Analyst, at (916) 324-0043.

MICHAEL C. GENEST

Director

By:

/s/ Vincent P. Brown

VINCENT P. BROWN

Chief Deputy Director

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Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. David Harper, Deputy Chief of Staff, Assembly Republican Leader's Office
Mr. Patrick Kemp, Assistant Secretary-Fiscal, Resources Agency
Ms. Ruth Coleman, Director, Department of Parks and Recreation
Mr. Michael Harris, Deputy Policy and Strategic Planning, Department of Parks and
Recreation
Mr. Manuel Lopez, Budget Manager, Department of Parks and Recreation

Proposed transfer language

3790-013-0001—For transfer by the Controller from the General Fund to the State Parks and Recreation fund.....(15,000,000)

3790-012-0061—For transfer by the Controller from the Motor Vehicle Fuel Account, Transportation Tax Fund, to the State Parks and Recreation fund.....(26,649,000)
(11,649,000)

Attachment II

Proposed loan forgiveness language

3790-402-The amount loaned pursuant to Provision 2 of Item 3790-012-0061, Budget Act of 2002, (Ch. 379, Stats. 2002) will not be required to be repaid.



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Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Item 3810-301-0941, Capital Outlay, Santa Monica Mountains Conservancy

It is requested that Item 3810-301-0941 be increased by \$47,000 to authorize expenditure of additional anticipated donations.

The Santa Monica Mountains Conservancy Fund (SMMC Fund) is a nongovernmental/trust and agency fund into which donations, federal funds, or other funding may be deposited. The requested \$47,000 in expenditure authority is in addition to the \$10,000 already proposed in the Governor's Budget.

This letter also requests to remove provisional language requiring the Santa Monica Mountains Conservancy (Conservancy) to issue grants from the SMMC Fund in accordance with General Obligation Bond Law. Removal of the language would give the Conservancy flexibility to grant funds for non-capital outlay activities. In addition, in order to allow the Department of Finance (Finance) to more accurately determine available funding and expenditures from the SMMC Fund, new provisional language is proposed to require the Conservancy to provide a report to Finance on donations received by September 1 of each year. (See Attachment I)

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Keith Gmeinder, Principal Program Budget Analyst, at (916) 916-324-0043.

MICHAEL C. GENEST
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Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. David Harper, Deputy Chief of Staff, Assembly Republican Leader's Office
Mr. Patrick Kemp, Assistant Secretary, Resources Agency
Mr. Joseph Edmiston, Executive Director, Santa Monica Conservancy
Mr. Rorie Skei, Chief Deputy Director, Santa Monica Conservancy
Ms. Juliet Chung, Contracts and Fiscal Officer, Santa Monica Conservancy

Proposed New Provisional Language to Item 3810-301-0941

The Conservancy shall provide a report to the Department of Finance on donations received during the prior fiscal year on or before September 1 of each year.



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Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Addition of Budget Bill Item 3835-490, Capital Outlay, Baldwin Hills Conservancy

It is requested that Item 3835-490 be added to reappropriate the unencumbered balance of Proposition 40 funds from Item 3835-301-6029, Budget Act of 2003. Proposition 40 allocated \$40.0 million for land acquisitions and public access improvement projects in the Baldwin Hills area. The reappropriation is necessary due to delays involving evaluating properties, negotiating with sellers, and performing other activities necessary to secure approvals to proceed.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Keith Gmeinder, Principal Program Budget Analyst, at (916) 916-324-0043.

MICHAEL C. GENEST

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Mr. David Harper, Deputy Chief of Staff, Assembly Republican Leader's Office
Mr. Patrick Kemp, Assistant Secretary-Fiscal, Resources Agency
Mr. David McNeill, Executive Director, Baldwin Hills Conservancy
Ms. Marcy Brown, Budgeting/Accounting, Department of Parks and Recreation



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Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Addition of Budget Bill Items 3850-301-6029 and 3850-490, Capital Outlay, and Item 3850-495, Support, Coachella Valley Mountains Conservancy

It is requested that Item 3850-301-6029 be added to appropriate \$211,000 Proposition 40 funds for capital outlay and local assistance until June 30, 2009. Proposition 40 allocated \$20.0 million for land acquisition and open space enhancement projects in the Coachella Valley Mountains area. Budget Acts from 2002-03 through 2005-06 fully appropriated that amount. Funds to support the appropriation have been reverted or are proposed to be reverted in the budget year, pursuant to the reversion request described below. This appropriation will allow the Coachella Valley Mountains Conservancy (Conservancy) to continue implementation its mission to acquire and protect open space in the mountains surrounding the Coachella Valley.

It is requested that Item 3850-495 be added to revert the unencumbered balance of Item 3850-001-6029, Budget Act of 2004. The Budget Act appropriated \$100,000 Proposition 40 funds for program delivery activities; however, the Conservancy did not fully expend the funds. This reversion is necessary in order to make the remaining funds available for capital outlay and land enhancement projects.

It is also requested that Item 3850-490 be added to reappropriate \$577,000 Proposition 40 funds from Item 3850-301-6029, Budget Act of 2002. In 2002-03, the Conservancy provided Proposition 40 grants to non-profit organizations to acquire lands when the federal Bureau of Land Management and the United States Forest Service did not have sufficient funds to make the acquisitions. When the non-profit organizations subsequently sell the properties to the federal agencies, they will return the funds which were used to acquire the lands to the Conservancy. The non-profit organizations are in the process of selling the lands to the federal agencies and expect to return the money to the Conservancy in 2006-07. The reappropriation will enable these funds to be used for additional land acquisitions.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Keith Gmeinder, Principal Program Budget Analyst, at (916) 916-324-0043.

MICHAEL C. GENEST

Director

By:

/s/ Vincent P. Brown

VINCENT P. BROWN

Chief Deputy Director

Attachment

cc: Honorable Kevin Murray, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzoia, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Jeff Bell, Staff Director
Honorable Judy Chu, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Rick Keene, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Sheila Kuehl, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Fran Pavley, Chair, Assembly Budget Subcommittee No. 3
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. David Harper, Deputy Chief of Staff, Assembly Republican Leader's Office
Mr. Patrick Kemp, Assistant Secretary, Resources Agency
Mr. Bill Havert, Director, Coachella Valley Mountains Conservancy
Ms. Marcy Brown, Budgeting/Accounting, Department of Parks and Recreation

MAR 30 2006

Honorable Wesley Chesbro, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Addition of Budget Bill Item 3855-490, Support, Sierra Nevada Conservancy

It is requested that Item 3855-490 be added to reappropriate \$276,000 Environmental License Plate Fund (ELPF) from Item 3855-001-0140, Budget Act of 2005.

The Budget Act of 2005 provided \$3.4 million ELPF for the establishment of the Sierra Nevada Conservancy and its program and project development activities. The reappropriation is necessary because of startup delays, including selecting a headquarters location and hiring staff.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Keith Gmeinder, Principal Program Budget Analyst, at (916) 916-324-0043.

MICHAEL C. GENEST

Director

By:

/s/ Vincent P. Brown

VINCENT P. BROWN

Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Kevin Murray, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzola, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review
Committee
Attention: Mr. Jeff Bell, Staff Director
Honorable Judy Chu, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Rick Keene, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Sheila Kuehl, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Fran Pavley, Chair, Assembly Budget Subcommittee No. 3
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. David Harper, Deputy Chief of Staff, Assembly Republican Leader's Office
Mr. Patrick Kemp, Assistant Secretary-Fiscal, Resources Agency
Mr. Jim Branham, Executive Director, Sierra Nevada Conservancy
Ms. Eileen Pope, Chief of Administration, Sierra Nevada Conservancy



**DEPARTMENT OF
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OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR
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MAR 30 2006

Honorable Wesley Chesbro, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to and Addition of Various Budget Bill Items, Support, Local Assistance, and Capital Outlay, Department of Water Resources

Yuba Feather Flood Protection Program

It is requested that Item 3860-497 be added to revert \$2,497,000 from capital outlay funds appropriated in Item 3860-301-6010, Budget Act of 2000, as reappropriated by Item 3860-490, Budget Act of 2003. These funds were intended for a capital outlay project to construct a flood protection project for the Colusa Basin Drainage District. The project has been significantly delayed due to concerns raised in its California Environmental Quality Act review. Design of the project continues using alternate funding source, but the construction funds are not needed for the project. A more immediate need exists in Yuba County to provide setback levees along the Bear River. (See Attachment A)

It is further requested that Item 3860-101-6010 be added to provide \$2,497,000 for local assistance to construct setback levees along the Bear River in Yuba County. Construction of a portion of the setback levees has begun, and these funds would allow the Three Rivers Levee Improvement Authority to expedite construction of the setback levee during the 2006 calendar year. The setback levee will provide protection for existing residents, as well as thousands of new residents and millions of dollars of new homes currently under construction.

CALFED Ecosystem Restoration Program

It is requested that Item 3860-001-6031 be increased by \$817,000 and that Item 3860-001-0001 be amended to reflect this change. This funding will support the development of one or more Habitat Conservation Plans/Natural Communities Conservation Plans (HCP/NCCP) in the Sacramento-San Joaquin Delta (Delta). This funding would be used for four existing positions and operating expenses to support development of data and actions for the HCP/NCCPs, including continuing assessment and planning of fish passage improvement actions and implementation of specific key near-term ecosystem restoration actions, such as exotic fish species eradication.

In addition, the Department of Water Resources (Department) requests establishment of 3.0 new positions funded through State Water Project funds continuously appropriated through Water Code Sections 12937(b) and 12938. These positions will support development of a Memorandum of Understanding, a Planning Agreement, and preliminary work on one or more HCP/NCCPs and regional conservation strategies for the Delta and its upstream basins.

Low Intensity Chemical Dosing Project

It is requested that Item 3860-001-6026 be increased by \$1,534,000 and that Item 3860-001-0001 be amended to reflect this change. This funding was previously appropriated in the Budget Acts of 2003 and 2004, but was not encumbered because of contracting delays. These funds would be used for a study of the problem of dissolved organic carbon in drinking water supplies from the Delta. When dissolved organic carbon is exposed to chlorination treatment typical for drinking water, carcinogenic byproducts are formed. The primary objective of the project would be to reduce the levels of dissolved organic carbon in the Delta water supplies. The project also has the potential to meet some of the objectives of the Levee System Integrity Program and the Ecosystem Restoration Program. The project is scheduled to begin in Spring 2006, using funds appropriated in the 2005 Budget Act. This request would allow work to address this critical problem to continue in the budget year.

California Water Fund Transfers

It is requested that Item 3860-012-0144 be added to transfer \$11.5 million from the California Water Fund (Water Fund) to the California Water Resources Development Bond Fund (Bond Fund). During the 2000-01 energy crisis, the Department purchased power on behalf of the California Independent System Operator (CAL-ISO) using funds from the Bond Fund (State Water Project funds). Additionally, the Department received \$42.9 million General Fund for the same purpose. Subsequently, Cal-ISO returned \$31.4 million of the \$42.9 million General Fund to the Department, which was \$11.5 million less than the Department had provided. These funds were transferred back to the General Fund. Additionally, the Budget Act of 2004 directed the Department to transfer the remaining \$11.5 million from the Bond Fund back to the General Fund, anticipating that the Bond Fund would shortly be made whole by Cal-ISO. However, CAL-ISO has not returned the \$11.5 million to the Department because the funds owed it by several energy companies have been frozen by the Federal Energy Regulatory Commission as part of ongoing bankruptcy proceedings. These proceedings are not expected to be resolved for several years. Therefore, the Department proposes to replenish the Bond Fund by transferring \$11.5 million from the Water Fund. The Water Fund has been inactive for many years, and no successor fund is named in statute.

It is further requested that Item 3860-013-0144 be added to transfer \$4,114,000 from the California Water Fund to the General Fund. This transfer, combined with the transfer requested in the previous paragraph, will fully expend the remaining balance in the fund.

Capital Outlay Reappropriations—Flood Control Projects

It is requested that Item 3860-490 be added to reappropriate funding for the following projects:

- | | |
|--|------------------------------|
| • Marysville/Yuba City Area Levee Reconstruction | \$564,000 (General Fund) |
| | \$361,000 (Reimbursements) |
| • Tisdale Bridge Replacement | \$1,515,000 (General Fund) |
| • Yuba River Basin Flood Control | \$2,983,000 (General Fund) |
| | \$1,354,000 (Reimbursements) |
| • Magpie Creek Flood Control | \$1,486,000 (Proposition 13) |
| | \$533,000 (Reimbursements) |
| • South Sacramento County Streams | \$1,468,000 (Proposition 13) |
| | \$2,957,000 (Reimbursements) |

The Marysville/Yuba City Area Levee Reconstruction, Magpie Creek Flood Control, and South Sacramento County Streams projects are under construction, but have been delayed for a variety of reasons, such as environmental constraints and mitigation, and delays in completing land acquisitions essential to the projects. Construction has not yet commenced on the Tisdale Bridge Replacement and Yuba River Basin Flood Control projects. These projects have been delayed for a variety of reasons, such as design changes, environmental constraints and mitigations, and delays in obtaining landowner easements. (See Attachment B)

Reappropriation of Various Funds

It is requested that Item 3860-491 be added to reappropriate funding for the following items:

1. Item 3860-001-6026, Budget Act of 2005
 - \$708,000 for the CALFED Conveyance Program's ongoing study of the South Delta Hydrodynamic Investigations.
 - \$2,169,000 for the CALFED Conveyance Program's ongoing study to collect information on improving the design, construction, and operation of fish collections, handling, transportation, and release facilities required for State Water Project and Central Valley Project water intakes.
2. Item 3860-001-6026, Budget Act of 2003, as reappropriated by Item 3860-491, Budget Act of 2004
 - \$1,953,000 for the CALFED Conveyance Program's ongoing study to collect information on improving the design, construction, and operation of fish collections, handling, transportation, and release facilities required for State Water Project and Central Valley Project water intakes.
3. Item 3860-101-6031, Budget Act of 2005
 - \$47,900,000 for the Integrated Regional Water Management (IRWM) grant program. The first step of soliciting grant submissions is complete, but grants will not be made until the second phase is completed, estimated to be by November 2006.
4. Item 3860-101-6031, Budget Act of 2004
 - \$18,999,000 for the Watershed Grant Program. The Department, CALFED, and stakeholders have determined to distribute this local assistance funding in two phases to provide more time to develop ideas and partnerships, which should result in better projects. The first phase is underway, with encumbrance of funds anticipated in June 2006, and development of grant agreements extending into autumn 2006.
5. Item 3860-001-6031, Budget Act of 2003, as reappropriated by Item 3860-491, Budget Act of 2004
 - \$5,193,000 for Water Use Efficiency grants. These funds remain available because they were not awarded during the initial grant cycle. Reappropriation is needed so the Department can conduct a competitive process to award the funds in fiscal year 2006-07.
 - \$68,301,000 for the Water Supply Reliability Program. The bulk of the funds are required for a nine-year contract with the Yuba County Water Agency for the Lower Yuba River Accord. Execution of this agreement has been delayed because the Environmental Impact Report/Environmental Impact Statement has not yet been approved.

6. Item 3860-101-6031, Budget Act of 2003
 - \$30.3 million for the IRWM grant program. The first step of soliciting grant submissions is complete, but grants will not be made until the second phase is completed. This is estimated to occur by November 2006.

These programs have been delayed for the reasons noted above, therefore reappropriation is requested. (See Attachment C)

Extension of Liquidation Period

It is requested that Item 3860-492 be added to extend the liquidation period for projects previously encumbered under the following appropriations:

- Item 3860-101-0446, Budget Act of 2003
- Item 3860-101-0543, Budget Act of 2001
- Item 3860-001-6003, Budget Act of 2000
- Item 3860-101-6005, Budget Act of 2003
- Item 3860-101-6007, Budget Act of 2001
- Item 3860-101-6010, Budget Act of 2003
- Item 3860-101-6010, Budget Act of 2001
- Item 3860-101-6023, Budget Act of 2001
- Item 3860-101-6023, Budget Act of 2003
- Item 3860-101-6025, Budget Act of 2001
- Item 3860-001-6026, Budget Act of 2001
- Item 3860-001-6026, Budget Act of 2003
- Item 3860-101-6027, Budget Act of 2001
- Item 3860-101-6031, Budget Act of 2003
- Item 3860-001-6031, Budget Act of 2003

A number of projects funded from Proposition 204, Proposition 13, and Proposition 50 will not be completed until after their current grant liquidation periods have expired. These projects have been delayed for a variety of reasons, such as delays in obtaining environmental permits. This request will provide additional time to complete the projects. (See Attachment D)

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Keith Gmeinder, Principal Program Budget Analyst, at (916) 324-0043.

MICHAEL C. GENEST
Director
By:

/s/ Vincent P. Brown

VINCENT P. BROWN
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Kevin Murray, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzosa, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review
Committee
Attention: Mr. Jeff Bell, Staff Director
Honorable Judy Chu, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Rick Keene, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Sheila Kuehl, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Fran Pavley, Chair, Assembly Budget Subcommittee No. 3
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. David Harper, Deputy Chief of Staff, Assembly Republican Leader's Office
Honorable Mike Chrisman, Secretary, Resources Agency
Mr. Patrick Kemp, Assistant Secretary, Resources Agency
Mr. Lester Snow, Director, Department of Water Resources
Mr. P. Joseph Grindstaff, Chief Deputy Director, Department of Water Resources
Ms. Kathie Kishaba, Budget Officer, Department of Water Resources

Attachment A

3860-497—Reversion, Department of Water Resources. As of June 30, 2006, the unencumbered balance of the appropriation provided in the following citation shall revert to the fund from which the appropriation was made.

6010-Yuba Feather Flood Protection Subaccount

Item 3860-301-6010, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by

Item 3860-490, Budget Act of 2003 (Ch. 157, Stats. 2003)

(1) Colusa Basin Watershed Flood Protection Program

Attachment B

3860-490—Reappropriation, Department of Water Resources. The balance of the appropriations provided for in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2008:

0001-General Fund

- (1) Item 3860-301-0001, Budget Act of 1998 (Ch. 324, Stats. 1998), as reappropriated by Item 3860-490, Budget Act of 2001 (Ch. 106, Stats. 2001) and Item 3860-490, Budget Act of 2003 (Ch. 157, Stats. 2003)
 - (4) 30.95.210-Tisdale Bridge Replacement
- (2) Item 3860-301-0001, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 3860-490, Budget Act of 2003 (Ch. 157, Stats. 2003)
 - (3.1) Yuba River Basin Project
- (3) Item 3860-301-0001, Budget Act of 2003 (Ch. 157, Stats. 2003)
 - (1) 30.95.105-Marysville/Yuba Levee Reconstruction

6008-State Capital Protection Subaccount

- (1) Item 3860-301-6008, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 3860-490, Budget Act of 2003 (Ch. 157, Stats. 2003)
 - (2) Magpie Creek Small Flood Control Project
 - (4) South Sacramento County Streams

Attachment C

3860-491—Reappropriation, Department of Water Resources. The balance of the appropriations provided for in the following citations is reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2008:

6026-Bay-Delta Multipurpose Water Management Subaccount

- (1) Item 3860-001-6026, Budget Act of 2005 (Ch. 38/39, Stats. 2005) for purposes of the CALFED Conveyance and Science Programs.
- (2) Item 3860-001-6026, Budget Act of 2003 (Ch. 157, Stats. 2003), as reappropriated by Item 3860-491, Budget Act of 2004 (Ch. 208, Stats. 2004) for purposes of the CALFED Conveyance and Science Programs.

6031-Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002

- (1) Item 3860-101-6031, Budget Act of 2005 (Ch. 38/39, Stats. 2005) for purposes of the Integrated Regional Water Management Grant Program.
- (2) Item 3860-101-6031, Budget Act of 2004 (Ch. 208, Stats. 2004) for purposes of the Watershed Grant Program.
- (3) Item 3860-001-6031, Budget Act of 2003 (Ch. 157, Stats. 2003), as reappropriated by Item 3860-491, Budget Act of 2004 (Ch. 208, Stats. 2004) for the purposes of the CALFED Water Use Efficiency Grant and the Water Supply Reliability Programs.
- (4) Item 3860-101-6031, Budget Act of 2003 (Ch. 157, Stats. 2003), as reappropriated by Item 3860-491, Budget Act of 2004 (Ch. 208, Stats. 2004) for the purposes of the Integrated Regional Water Management Grant Program.

Attachment D

3860-492—Reappropriation, Department of Water Resources. Notwithstanding any other provision of law, the period to liquidate encumbrances of the following citations are extended to June 30, 2008:

0446-Water Conservation and Groundwater Recharge Subaccount

Item 3860-101-0446, Budget Act of 2003 (Ch. 157, Stats. 2003) Water Conservation and Groundwater Recharge Program.

0543-Local Projects Subaccount

Item 3860-101-0543, Budget Act of 2001 (Ch. 106, Stats. 2001) Local Project Loan and Grant Program.

6003-Floodplain Mapping Subaccount

Item 3860-001-6003, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 3860-491, Budget Act of 2001 (Ch. 106, Stats. 2001) Pro-Act Floodplain Mapping Program.

6005-Flood Protection Corridor Subaccount

Item 3860-101-6005, Budget Act of 2003 (Ch. 157, Stats. 2003) Flood Protection Corridor Program.

6007-Urban Stream Restoration Subaccount

Item 3860-101-6007, Budget Act of 2001 (Ch. 106, Stats. 2001) Urban Streams Restoration Program.

6010-Yuba Feather Flood Protection Subaccount

Item 3860-101-6010, Budget Act of 2001 (Ch. 106, Stats. 2001) Yuba Feather Flood Protection Program.

Item 3860-101-6010, Budget Act of 2003 (Ch. 157, Stats. 2003) Yuba Feather Flood Protection Program.

6023-Water Conservation Account

Item 3860-101-6023, Budget Act of 2001 (Ch. 106, Stats. 2001) Agricultural Water Conservation Program, Groundwater Recharge Facilities Loan Program, Infrastructure Rehabilitation Program, and Urban Water Conservation Program.

Item 3860-101-6023, Budget Act of 2003 (Ch. 157, Stats. 2003) Groundwater Recharge Facilities Loan Program and Infrastructure Rehabilitation Program.

6025-Conjunctive Use Subaccount

Item 3860-101-6025, Budget Act of 2001 (Ch. 106, Stats. 2001) Groundwater Storage Program.

6026-Bay-Delta Multipurpose Water Management Subaccount

Item 3860-001-6026, Budget Act of 2001 (Ch. 106, Stats. 2001) CALFED Conveyance Program-Delta Cross Channel and Through Delta Facility Studies.

Item 3860-001-6026, Budget Act of 2003 (Ch. 157, Stats. 2003) CALFED Ecosystem Restoration/Water Quality Program.

6027-Interim Water Supply and Water Quality Infrastructure and Management Subaccount

Item 3860-101-6027, Budget Act of 2001 (Ch. 106, Stats. 2001) Interim Reliable Water Supply Program.

6031-Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002

Item 3860-101-6031, Budget Act of 2003 (Ch. 157, Stats 2003) Delta Levees System Integrity Program.

Item 3860-001-6031, Budget Act of 2003 (Ch. 157, Stats 2003) Water Supply Reliability Program.



DEPARTMENT OF
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ARNOLD SCHWARZENEGGER, GOVERNOR

STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

MAR 30 2006

Honorable Wesley Chesbro, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Item 3870-490, Support, California Bay-Delta Authority

It is requested that Item 3870-490 be added to reappropriate the unencumbered balance of Proposition 50 funds for the California Bay-Delta Authority's science program for an additional two years (Attachment A). These funds will be used for continuing and new external science research grants, support contracts, and contracts for science experts to serve on technical review panels. The science program is a key part of the Record of Decision, which lays out a strategic direction for management of the Bay-Delta. The science program is critical to develop reliable scientific information upon which to base sound water management decisions.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Keith Gmeinder, Principal Program Budget Analyst, at (916) 324-0043.

MICHAEL C. GENEST
Director
By:

/s/ Vincent P. Brown

VINCENT P. BROWN
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Kevin Murray, Chair, Senate Appropriations Committee
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Honorable Sheila Kuehl, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
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Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. David Harper, Deputy Chief of Staff, Assembly Republican Leader's Office
Honorable Mike Chrisman, Secretary, Resources Agency
Mr. Patrick Kemp, Assistant Secretary, Resources Agency
Mr. P. Joseph Grindstaff, Director, California Bay-Delta Authority
Ms. Wendy Halverson-Martin, Chief Deputy Director, California Bay-Delta Authority
Ms. Kate Hansel, Assistant Director, Policy and Finance, California Bay-Delta Authority
Ms. Terresa Krum, Assistant Director, Administration, California Bay-Delta Authority

Attachment A

3870-490—Reappropriation, California Bay-Delta Authority. The amounts specified below, are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2008:

6031-Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002

(1) Up to \$11,185,000 from Item 3870-001-6031, Budget Act of 2004 (Ch. 208, Stats. 2004) for purposes of the CALFED Science Program.

(2) Up to \$10,715,000 from Item 3870-001-6031, Budget Act of 2003 (Ch. 157, Stats. 2003), as reappropriated by Item 3870-490, Budget Acts of 2004 and 2005 (Ch. 208, Stats. 2004 and Ch. 38/39, Stats. 2005) for purposes of the CALFED Science Program.